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Software Engineering Institute
Pittsburgh, PA 15213-3890

Developing Enterprise-Wide Measures for Tracking Performance of Acquisition Organizations

Wolfhart Goethert

Software Engineering Institute
Carnegie Mellon University
Pittsburgh, PA 15213-3890

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Purpose of Overall Effort

Develop a methodology to define enterprise-wide measures that reflect the “health” of a government organization that supports acquisition.

Apply methodology to ensure alignment between the enterprise-level goals of an organization and the measures used to characterize that organization's performance.

Use these measures as a guide to their overall performance and performance improvement effort.

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Overview Outline

Methodology

Major components

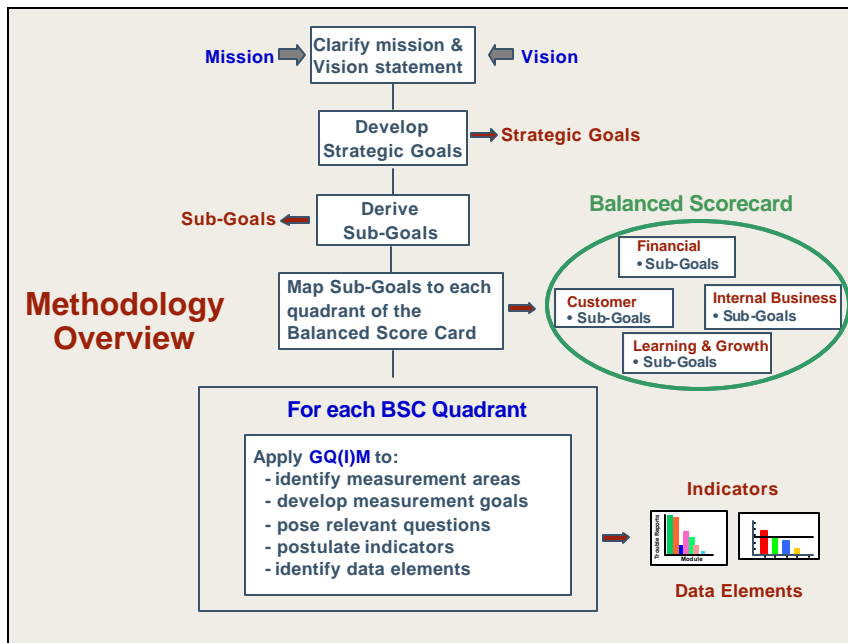
- Goal Question (Indicator) Measure (GQ(I)M)
- Balanced Scorecard (BSC)
- Criteria for Selecting Performance Measures

Example use

- Initial measurement areas
- Indicators

Summary

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Major Components

GQ(I)M

- Align measures with goals; ensure measures selected will be used

Balanced Scorecard

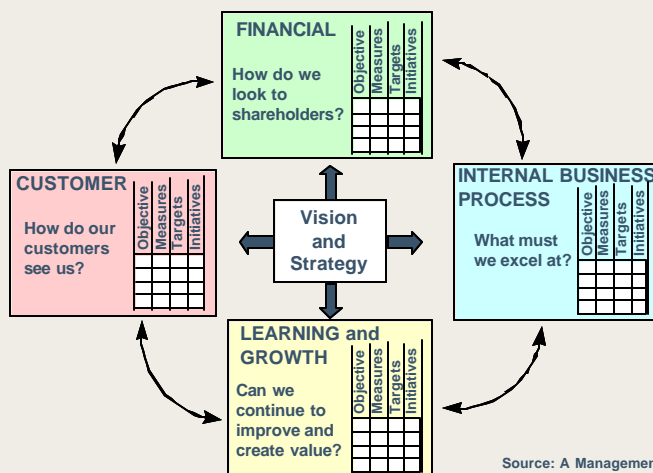
- Ensure set of measures provides coverage of all elements of performance; avoid hidden trade-offs

Criteria for Selecting Performance Measures

- Select measures that are most meaningful with respect to selected areas of performance; prefer outcome over output measures over process and input measures

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A Balanced Scorecard Perspective on Performance



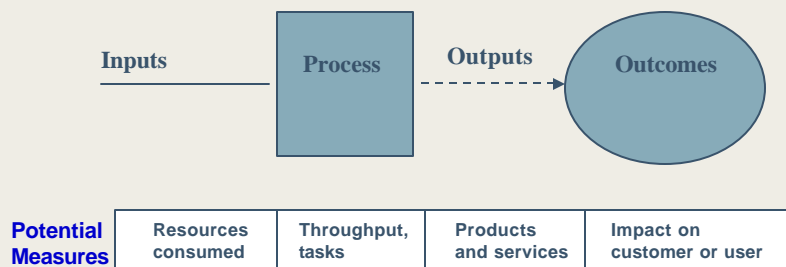
Source: A Management Guide for the deployment of strategic metrics, Ratheon

Success Vs Progress Indicators



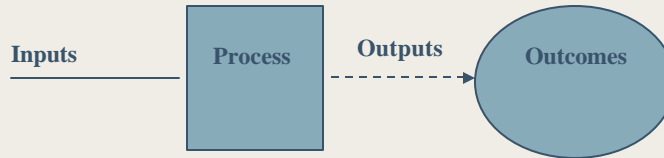
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Identifying Potential Measures: A Process Model of Performance



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Identifying Potential Measures: A Process Model of Performance



Goal: Increase Customer Satisfaction

Inputs - dollars spent on customer service training, dollars spent on quality assurance

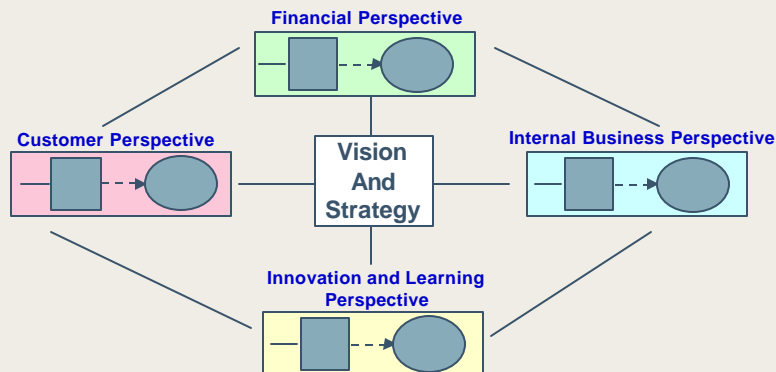
Process - number of work product inspections performed, number of tests performed

Outputs - number of new features released, resolution time for customer service calls

Outcomes: trends in customer satisfaction survey data, number of defects reported after release

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Balanced Scorecard Perspective: A Multi-dimensional view



Source: Kaplan and Norton, "Putting the Balanced Scorecard to Work" Harvard Business Review, Sept-Oct 1993

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Defining Indicators & Measures Based Upon Goals



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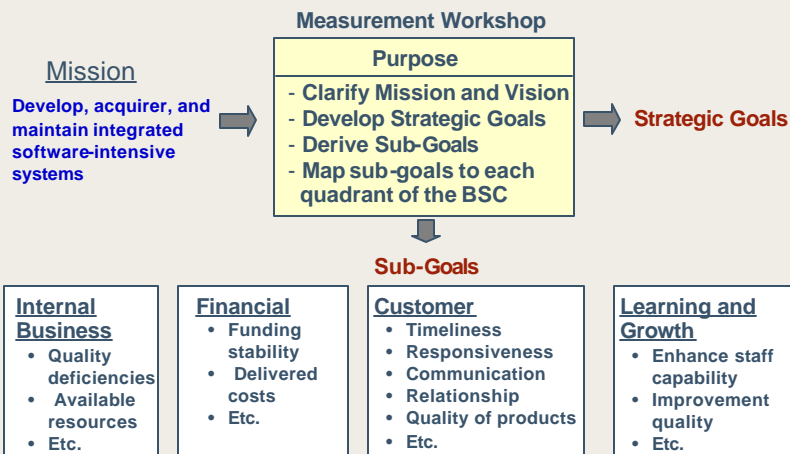
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Organization

Example based on aggregate of several organizations with similar characteristics

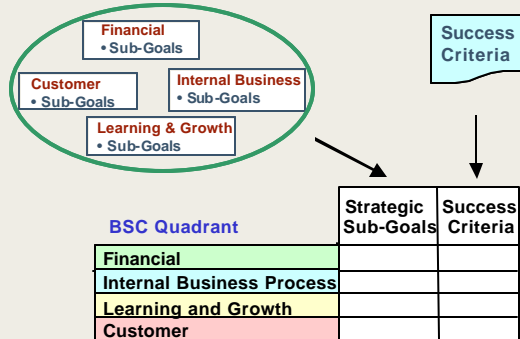
- Government agency consisting of 300 management, administrative, and technical personnel
- Development, maintenance and enhancement of system components of fielded systems, and acquisition

Use of Methodology - Example



Success Criteria

Balanced Scorecard



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Typical Questions Related to Sub-Goals

Customers' Viewpoint

- What is important to our customer? What are the customers' "hot buttons"?
- How do our customers evaluate timeliness?
- What does the customer consider a quality product?
Are there any standards or goals currently set by the customer?
- How and what do our customers currently evaluate our organization?
- Etc.

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Initial Measurement Areas

Customer

- Customer satisfaction with delivered product
- Compliance with customer requirements
- On time delivery

Financial

- Funding stability
- Trend in Expenses

Internal Business

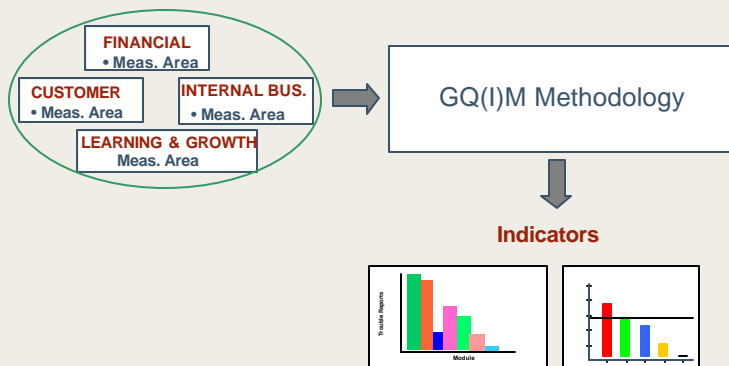
- Availability and capability of resources (staff)
- Status of open deficiencies in delivered projects
- Timeliness of projects completion

Innovation & Learning

- CMM level
- Trend in employee satisfaction
- Meeting functional requirements

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Measurement Areas to Indicators



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Internal Business

Status of Open Deficiencies in Delivered Projects

Severity Levels	Number of Deficiencies That Have Been Open x Days				Totals
	x < 30	30 < x ≤ 60	60 < x ≤ 90	x > 90	
Severity 1	2	1			3
Severity 2	3	1	1		5
Severity 3	3	2	1	1	7
Severity 4	4	3	3	2	12
Severity 5	8	6	3	3	20
Totals	20	13	8	6	47

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Internal Business

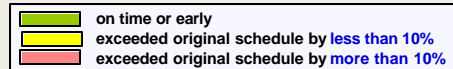
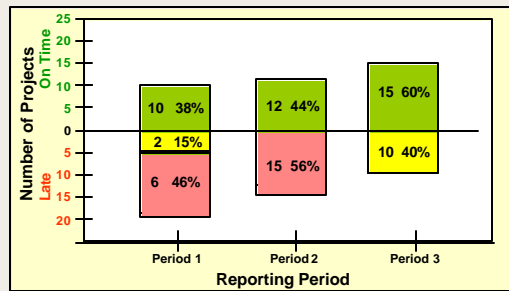
Availability and Capability of Resources (Staff)

			FY 99		FY 00		FY 01	
			#	%	#	%	#	%
E&S	GOAL 40%	Entry Level						
		Journeyman						
		High Grade						
Tech	GOAL 45%	Entry Level						
		Journeyman						
		High Grade						
Other	GOAL 15%	Entry Level						
		Journeyman						
		High Grade						

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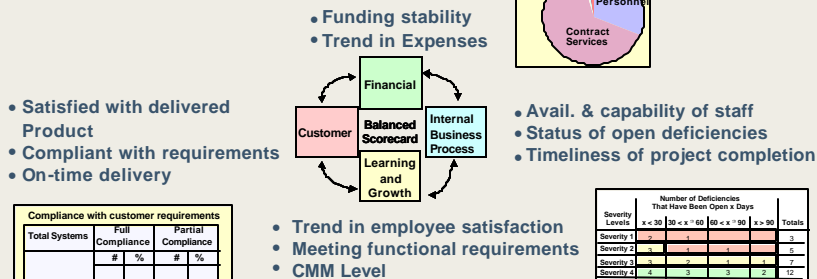
Internal Business Timeliness of Project Completion

Completed Projects in Reporting Period



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Summary of Initial Results



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Indicator Documentation

Documents the why,
what, who, when,
where, and how

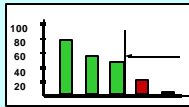
INDICATOR TEMPLATE

Measurement Goal # _____:

Objective _____

Questions _____

Visual Display



Input(s)

Data Elements _____

Responsibility
for Reporting _____

Form(s) _____

Algorithm _____

Assumptions _____

Interpretation _____

X-reference _____

Probing Questions _____

Evolution _____

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➡ Summary

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Summary

The approach, using the BSC and GQ(I)M, provides a systematic way to obtain indicators and measures that reflect the health and performance of the organization.

The approach uses an organization's vision and mission statements to identify and clarify strategic goals and sub-goals.

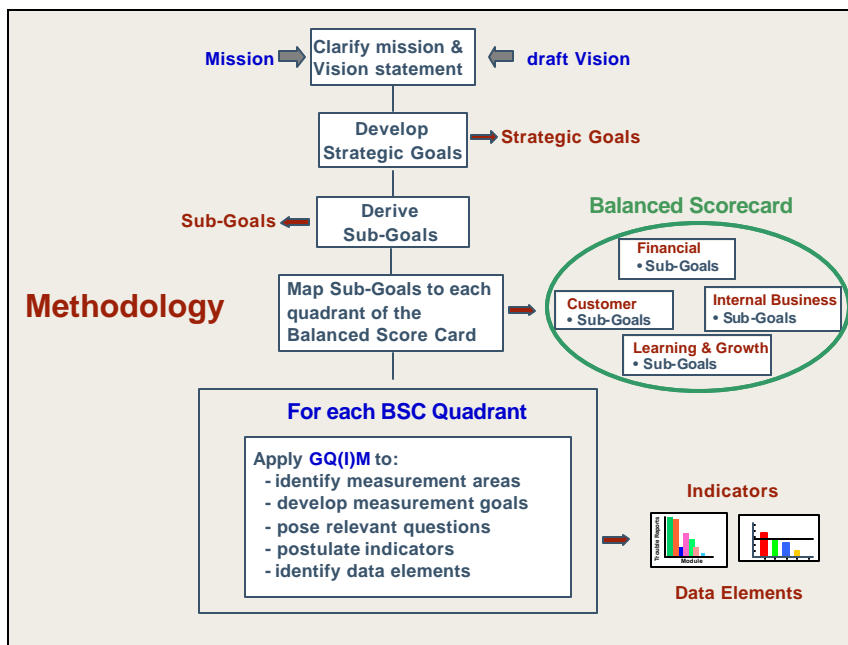
The sub-goals are mapped to the balanced scorecard.

The GQ(I)M methodology is then used to identify measures and indicators

Bottom Line

We tried it; It worked; Now maturing methodology

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Back-up Material

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Some Definitions

Performance Management

“The use of performance measurement information to help set agreed-upon performance goals, allocate and prioritize resources, inform managers to either confirm or change current policy or program directions to meet those goals, and report on the success in meeting those goals.”

Performance Measurement

“A process of assessing progress towards achieving predetermined goals, including information on [efficiency, quality, and] outcomes....

Source: “Serving the American Public: Best practices in performance measurement,” June 1997.

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